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Linda McCulloch  
Superintendent

**Joint Appropriations Subcommittee on Education  
Office of Public Instruction – State-Level Program 06  
January 20, 2003  
Superintendent Linda McCulloch's Remarks**

Good Morning. For the record I am Linda McCulloch, Superintendent of Public Instruction for K-12 education.

I am pleased to be here today to tell you about Montana's Office of Public Instruction and the important services we provide to Montana schools and the public. As you will soon learn, I am enormously proud of the work that is being performed by the OPI staff. OPI is a small state agency. I look forward to explaining to you how our efficient operations result in a high level of accountability to the taxpayer and contributes to the high quality of education in Montana's public school system.

Our agenda for this morning is as follows.

Today and tomorrow our focus will be on our agency's state funding, or Program 06. We will be defining the OPI's state level activities. After my overview of the state agency, you will have the chance to hear from a couple of OPI staff who will be presenting a synopsis of their department funding and functions for school success. In addition, we will provide you with a detailed overview of how President Bush's No Child Left Behind Act has had a significant impact on how we do business in Montana.

On Wednesday and Thursday our focus will shift to OPI's responsibility to Local Education Activities, Program 09, the state funds that are distributed by OPI to our public K-12 schools. While the OPI manages both funds, they are separate in their intended purposes. The K-12 pass through funds, Program 09, are not funds available to fund the Office of Public Instruction, nor should they be. Let me be clear. We often hear that the "OPI budget" is a huge pool. In truth, our OPI agency budget is less than 1% of the general fund expenditures for K-12 education - less than 1%!

**Background**

It is my intention over the next four days to ensure that you have a thorough understanding of what the Office of Public Instruction does and how it is funded. I believe it essential that as the committee moves forward in funding deliberations, that

you have a solid understanding of OPI's state responsibilities and appropriated state funding, as compared to federal mandates and its associated federal funding.

The decisions that this committee makes will affect 150,000 students across the state as they participate in Montana's public K-12 education system. These kids are your children, your grandchildren, your constituents, and your neighbors. These kids are in my heart and are the very reason I ran for this position. That is why I must be thorough in my presentation of information on the OPI agency responsibilities and budget, and will take a moment to visit with you about some concerns I have.

Two years ago when I stood before this committee as the newly elected state superintendent, quite frankly, I was not anticipating the magnitude of agency budget threats, cuts and pure misinformation that were a part of the rhetoric regarding the Office of Public Instruction. As a Legislator for 6 years, I am not naive to the appropriations process and the difficult decisions before you regarding limited state resources. I have also seen OPI targeted consistently for the past several years. But, from my current venue, I cannot tell whether politics dominate or there is a genuine lack of understanding of the scope of OPI's mandated responsibilities and associated budget. I will highlight a few incidents for you and provide the accompanying factual information so you will understand why I am so perplexed at the targeting of the Office of Public Instruction for unfair and unequal budget cuts.

**Misunderstanding: There are millions and millions of dollars being spent on a bloated Helena education bureaucracy**

Fact: Nothing could be further from the truth. OPI is one of the smallest and most efficient agencies in state government. The OPI received more than its fair share of cuts in the 2001 Session with a 23% budget reduction – 23%! The \$1 Million cut to our agency's then \$5 Million budget equaled a 23% reduction to OPI. More accurately put, a cut to services and resources to Montana's classrooms. And we were the only agency that received the 15% state agency cut. In response to this drastic budget reduction, I directed the staff to make recommendations to re-adjust or scale back our budget with an eye towards continuing to meet the needs of our number one priority – our Montana classrooms. We totally reorganized our office, laid off staff, and reduced services to schools. And then summer came, and more cuts to our services to schools. I am before you today to say we cannot absorb any more cuts and still perform the minimum of our duties to the kids of Montana.

I would also pose to you the question that I often receive from folks employed in our agency, "Is there something wrong with the way we do our jobs for the schools in Montana?" They see in the news, session after session, that OPI is unequally targeted for cuts and criticisms. And, they are often the folks asked to respond to the disproportionate deluge of requests we receive from Legislators to look into every aspect of our office budget. I am more than happy to comply with any request. But when it gets to the point where it takes almost the equivalent of an FTE to simply respond to so many requests for information, I become concerned about our ability to provide services and resources to serve schools.

Make no mistake, cuts to the OPI are cuts to Montana's classrooms and students. Frankly, it feels like you have already taken everything from this agency but my birthday.

**Misunderstanding: During the Special Session this past summer, a proposal was made to restore a 1% or \$2.7 million cut to DPHHS and remove the money from the "huge" OPI state budget allocation**

Fact: As you can see, a \$2.7 million cut to our agency would eliminate most of our funding, 65-70%. When shown what our total state budget actually was (again, there was misinformation made that we had millions and millions of state dollars in our OPI agency budget) it was suggested that I use federal funds to replace the state funds to pay for the state functions performed by OPI. I was told I was a good manager and could make this happen. Perhaps I could, but it would be an act of federal fraud (and, I don't look good in those orange jumpsuits). It would be a violation of federal law for the state of Montana to supplant or replace state expenditures with federal funds to perform state activities that are not federally mandated and are the responsibility of each state. We are in big trouble if federal funds continue to be considered the only viable solution to Montana's education funding crisis.

**Misunderstanding: This fall I was contacted by a person who had a Legislative candidate come to their door who was running on a platform to eliminate the OPI state general fund budget. The premise was that if we just cut OPI's budget we could solve school funding problems and get more money to the classroom.**

Fact: Remember, my agency's budget is only about \$4 million. Is \$4 million the best that can be hoped for for Montana's public school kids? The reality is that even if OPI's entire state budget of \$4 million was totally eliminated and distributed to each school child, it would mean a daily increase of classroom funds of less than 15 cents per child. Fifteen cents per day is hardly enough to make an impact on a classroom of 30 students. Ironically, if OPI were eliminated there would be no mechanism to distribute this change to the kids.

Perhaps, there is often confusion that the K-12 pass through money, Program 09, are funds that can be used by the OPI for agency business. Let's be very clear – these funds are separate and cannot be co-mingled with office funds and that's exactly the way it should be.

**Misunderstanding: I am sure that you all are now well aware of threats directed at OPI because of an activity that one of my employees has engaged in on his personal time.**

Fact: As I have stated numerous times, I do not nor ever will try to control the personal lives of my employees. What they do on their own time, whether it's politics, religion, or my personal favorite – shopping, has nothing to do with me and even less to do with the kids of Montana. And, I do mean on their own time. The fact is I insist that only OPI business be done on OPI time. At OPI, our business is supporting a quality education system for our kids. I'm adamant about this. To be honest, I can't even believe I'm

having to say this, it is so obvious to me. Whatever the reason, political partisanship, anti-public education, the kids get hurt. As I have frequently offered, I welcome anyone who is interested in any issue to visit with me. We are a state agency and our business is public.

I recognize there is a cost and a risk to being honest. But I believe it is my responsibility to the students and educators of Montana who expect me to be truthful with you. Therefore, I have taken the risk to begin my agency presentation with a few examples of the misinformation regarding OPI and our education system. Do you ever wonder how much you could accomplish if you didn't have to spend time correcting misinformation?

Montanans elected me to be candid with the taxpayers and Legislature on what is needed to provide our kids with the best possible education. I will continue to do this regardless of whether the Legislature or the Governor's office is controlled by Republicans or Democrats. During my two years in office, I have never made a comment about our education system or the needs of our public school classrooms that I wouldn't have made if there were a Democrat in the Governor's office or a Democratically controlled Legislature. The issue is kids, not politics.

Since I know OPI to be an extremely efficient and effective agency, if I am to believe the cuts of the 2001 Session and the rhetoric of this Session are not based on political partisanship or anti-public education sentiments, then I must think that we have not done a good enough job over the years of presenting to the Legislature the vital and integrated role our agency plays in Montana's public education. We are prepared to give you a comprehensive overview of our role.

### **Overview**

So we are all on the same page - when we talk schools in Montana we are talking about 150,000 students, 12,047 certified staff, 441 school districts, and 870 public schools. The decisions you make as Legislators and the decisions I make as State Superintendent impact every child and every household in Montana.

The Office of Public Instruction is your direct link to those students and those classrooms. It is the Office of Public Instruction that provides services and support to our public schools. As an elementary school teacher and a school librarian I can attest to the importance of these services since I utilized every OPI resource available to me and to my school to the fullest extent possible, and then some.

While there are many official duties as defined in state Constitution and statute for the Office of Public Instruction in an effort to save time, I'll focus on five primary functions that are essential to ensuring a quality education system for teaching, student performance and financial accounting. I would like to remind you that OPI is performing these functions with a state funded agency budget that is in fact operating with about 75% of the funding we had two years ago.

These essential functions are:

1. **Distribution of Funds to Schools:** OPI staff annually distributes over \$500 million in state aid to 441 school districts. That revenue pays for 60% of classroom expenses. We also facilitate the funding and collection of other local and federal funds by collecting expenditure data. The total administrative cost of that distribution is less than one tenth of one percent. I would challenge anyone to find a state agency or private business that can match that level of cost efficiency.
2. **Educator Licensure:** It is the State Superintendent and the OPI that is responsible for the licensure of more than 26,000 educators to assure parents that their children are being taught in their classrooms by teachers with the proper training and credentials. This task is accomplished by the educator licensure staff having access to all state and federal programs within the OPI.
3. **Leadership/Management:** On a daily basis we provide direct management of the state agency staff and functions, as well as leadership for K-12 schools. It is also our job to see that the taxpayers' money is properly spent and accounted for in every school district and in our agency's operation.
4. **Primary Source of K-12 Communication and Information:** OPI has an effective technology infrastructure to communicate information and exchange data with school districts, as well as the public. From immediate updates to school districts on September 11<sup>th</sup> to the collection of information requested by the U.S. Department of Education to the Montana Legislature to the Board of Public Education we maintain systems to accomplish all this and way more. In fact, we host the Laws system for bills on our server.
5. **Accreditation:** OPI implements accreditation standards adopted by the Board of Public Education. We help almost 900 public and private accredited school in Montana to understand and meet these minimum standards.

***The Organizational chart in your packet, page 2, illustrates that basically OPI has three departments: Education Services, Operations, and Management. The Office of Public Instruction has almost 53 FTE who are paid with state general fund dollars. Staff will later provide you details on the specific services and functions each department provides to schools, but let me describe the FTE breakdown by department:***

### **Education Services Department**

The Department of Education Services provides leadership and supervision to Accreditation; Educational Opportunity and Equity; Career, Educational and Adult Education; Health Enhancement and Safety; and Special Education:

Accreditation	4.10
Measurement and Accountability	2.50
Curriculum Services	4.00
Gifted and Talented	0.20
Indian Education	1.00
Audiology	0.47
Career and Adult Education	5.23
Health Enhancement	0.33
Maintenance of Effort	
School Foods	1.00
Special Education	0.45
EOE Support staff	0.42

### **Operations Department**

The Department of Operations provides leadership and supervision to the Division of Fiscal Services; Division of State Distribution to Schools; and, Information/Technology Services (which includes Network Services, Internet Services, Resource Center and Systems Development).

Distribution to Schools	9.25
Information Technology	9.40

### **State Superintendent's Office**

The Office of the Superintendent is responsible for the leadership, policy direction and overall management of the Office of Public Instruction. The office includes Communications; Legal Division (including Educator Licensure or Certification); and Personnel. The Office of Public Instruction is the primary communications link for K-12 education with the Board of Public Education, the Commissioner of Higher Education, educators, educational associations, the public and the media.

Education Licensure	3.50
Legal Services	2.59 (one attorney)
Management	<u>8.42</u>
	52.86

There was a proposal on the floor of the House last session, 2001, to remove FTE from only the OPI, and in 2003, there is currently an LC that proposes to remove personnel from only the OPI to increase school funding. Let's look at the history of FTE at OPI over the past 20 years, a span of three State Superintendents, pages 6 and 7 in your packet.

### **Priority Services to Schools**

I want to review briefly some of the major changes and improvements that I have implemented at the Office of Public Instruction over the past two years. These highlight my goal of always working to improve the services and resources we provide to schools.

### **Communication**

To enhance our communications in the field, we have worked very hard to promote new and efficient ways of interacting with our schools and students. OPI now uses e-mail as our primary communication vehicle with 870 public schools. This is a survival technique that allows us to communicate regularly with the field and in a timely manner in spite of spending reductions in recent years. Also, I am proud to let you know that each year, we assign nine OPI staff members to represent the office at the regional monthly meetings of school superintendents. This is an invaluable way for our Helena staff to stay in touch with those who operate our schools, and vice versa.

Each year OPI develops and implements administrative rules associated with our duties. As a legislator, I was concerned that my legislation would somehow end up applied through rule in some way I didn't imagine or want. Now, as an executive, I have taken steps to ensure that rules match legislation precisely. In the past, the Office of Public Instruction would develop rules without significant input from the legislators and field.

We now develop every rule with significant and extensive field involvement. We cast a broad net to gather as much feedback and information as possible, including the legislative sponsor and constituent groups, including but not limited to, BPE, MEA-MFT, MREA, MSBA, MASBO, and SAM, and to other appropriate groups in the field. We have also requested committee notes and transcripts for the bill, as well as contacting the drafter of the bill. This feedback effort is in addition to the public comment time required by the formal rule making process. In some cases, it may take longer to get a rule in place, but we are assured the stakeholders and the legislative sponsor of the statute understand the rule and have had a chance to help us develop the rule.

### **Certification**

We moved the Education Licensure or Certification unit under our Legal Services unit. This made sense because of the frequency of interaction between our licensure function and our legal unit.

As a result of the reorganization, we were able to eliminate a Grade 19, administrator position and have permanently removed it in the Executive budget. Under this new management structure, we are also undertaking a significant effort to "modernize" the system, to include an on-line license

renewal and scanning of documents into electronic files. For decades this system was a paper and staple system; in an effort to live under our tighter budgets and to better serve our customers, our certification system will be an on-line and database system.

### **The Move**

I have reorganized my office to achieve efficiencies in management and working relationships. The Accreditation, Teacher Certification, Measurement and Accountability, and Assessment staff are now located in the same building with Curriculum Services and federal program staff. The Accreditation and Certification processes are highly interdependent, and all of our education services rely on the data and analysis provided by our Assessment and Measurement and Accountability staff.

Our mailroom, Word Processing and Desktop Publishing staff have been moved into the same area as our Internet Services and Network staff. As we increase our efforts to make communications available in electronic formats, the coordination of these work units has been critical to our success.

Physical moves and reorganizations are not easy on staff members, but we have all benefited from these reorganizations, and more importantly, services and resources to our customers, the schools and students of Montana have been the real beneficiaries.

### **Needed Resources to Students**

It is a priority that OPI staff when possible find additional resources for schools. A couple of examples follow.

### **Reading Excellence Act Grant**

A high priority of mine is improving reading instruction and learning. I am very pleased that OPI was awarded an \$11 Million Reading Excellence Act Grant in August 2001 from the US Department of Education's Reading Excellence Program. The three-year program is designed to teach every child to read by the end of third grade and improve reading instruction through the use of research-based methods. Montana will distribute 95% of its award to 30 schools that were selected through a competitive grant process. Remaining funding will also benefit schools and students that do not receive school grant awards through professional development and training that can be implemented in their schools and school districts.

### **MT American Indian Dropout Prevention Project**

Last fall, the U.S. Dept. of Education awarded the Office of Public Instruction a grant for nearly \$1 million to fund the MT American Indian Dropout Prevention Project. The Project will assist American Indian students in graduating from high school by developing and utilizing a state plan funded in six demonstration schools. The Montana



Wyoming Indian Education Association is helping the OPI to produce a comprehensive strategic plan for dropout prevention.

The grant is for \$328,461 for FY2003. It was awarded as a three-year, \$1 million total grant. Although it is uncertain if funding will continue in the next two years because President Bush has not included the funding in his current budget request. If not funded, we will not receive the funds for schools for years two and three, FY 2004 and FY 2005.

### **Closing**

The key to successful economic development is a quality education system. If you don't believe this in your heart of hearts, let me buy you a cup of coffee some day so I can explain in detail what I've learned about this. No business will start up or locate in Montana if we cannot provide them with an educated workforce and a place where they will want their own children to attend school.

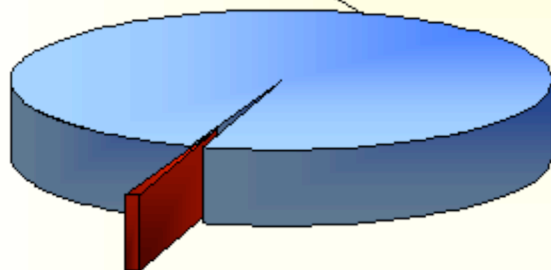
The Economic Development Action Group or EDAG concluded that the single most important issue to strengthen Montana's economy is education – yes, education. Why invest in education? EDAG concluded that Montana cannot hope to strengthen and diversify its economy until a strong commitment in education and workforce development is made. Other states, such as North Dakota and North Carolina, have demonstrated the strong correlation between investing in education and generating returns on their investment. If Montana desires to expand jobs and income level, we need to heed the advice of business that consider the presence of quality schools as a top location consideration.

It is important to remember that cuts to the Office of Public Instruction budget are direct cuts to Montana's students. The Office of Public Instruction is a small state agency that has already had drastic cuts. Again this session, the Office of Public Instruction is unfairly targeted for even greater budget cuts, which will be felt by our kids in Montana. These kids, our K-12 public school students, are first, last, and always my main concern.

On behalf of 150,000 students in Montana, I thank you for your time today.

### FY02 TOTAL GENERAL FUND EXPENDITURES

\$556,180,287

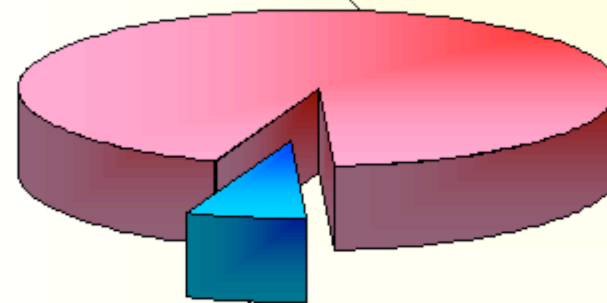


\$4,374,491

### FY02 TOTAL FEDERAL EXPENDITURES

\$87,782,182

Local Education Activities -  
Program (09) 93.486% of total

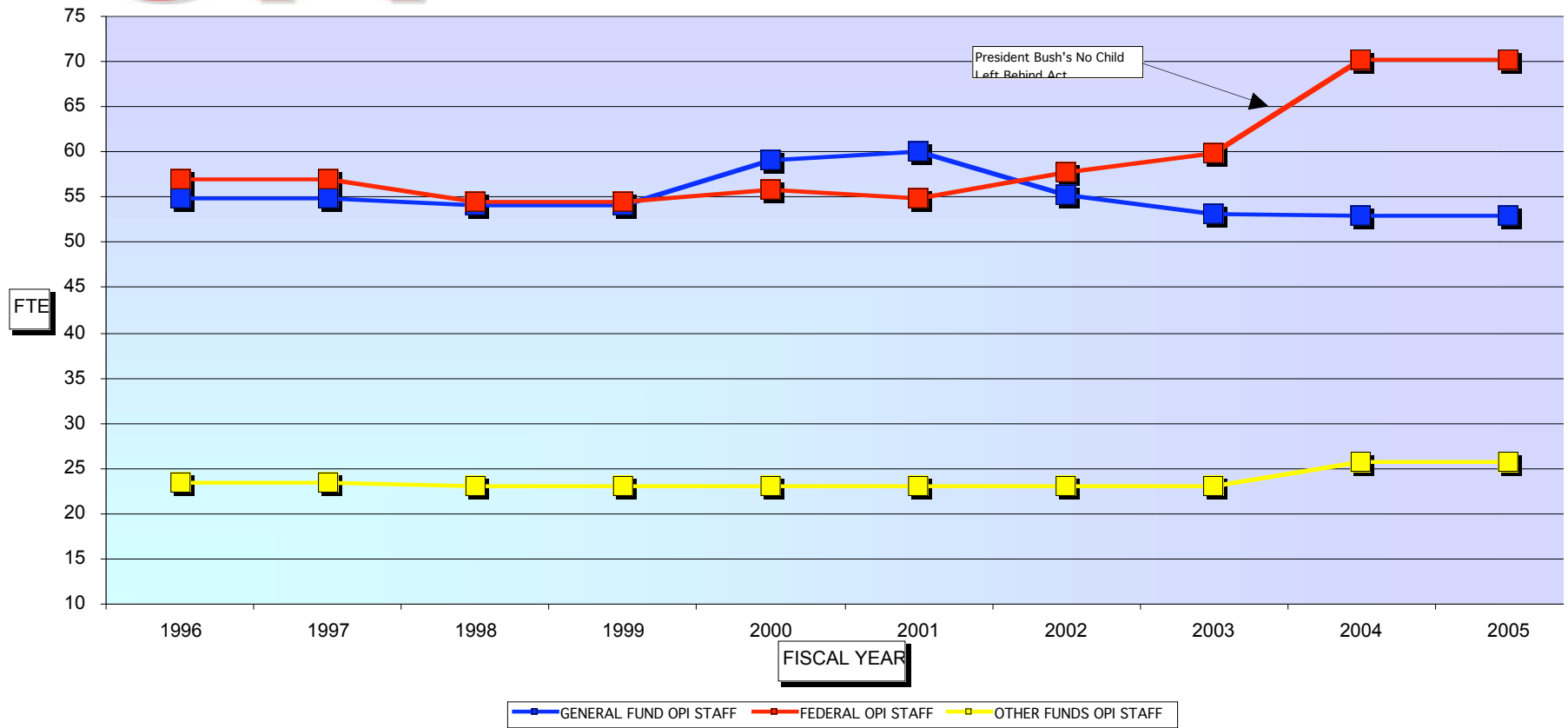


\$6,116,225

State Level Activities -  
Program (06) 6.514% of

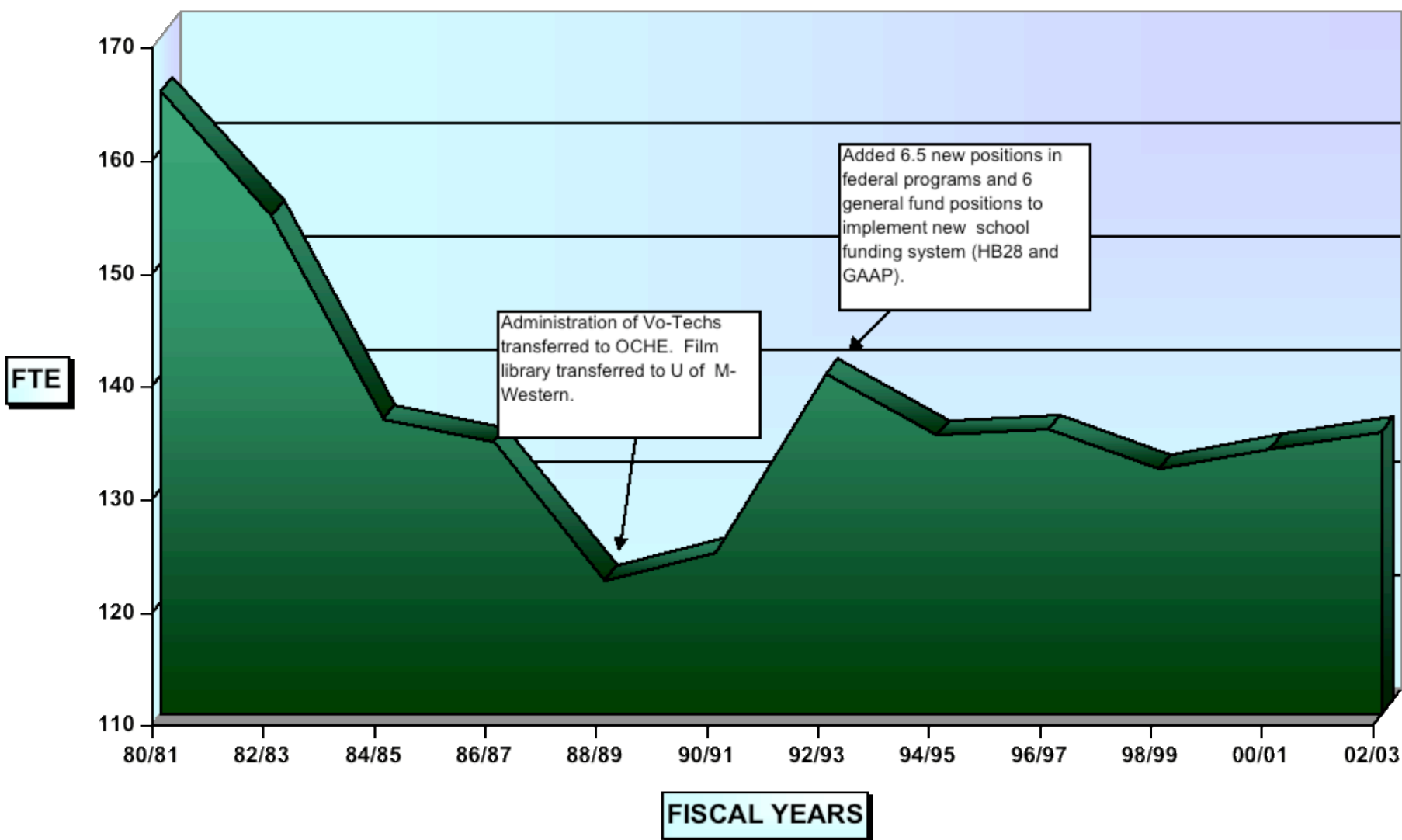


**State Level Activities - Program (06)**  
**State vs Federal & Other Funded FTE**  
**for fiscal years 1996 thru 2005**



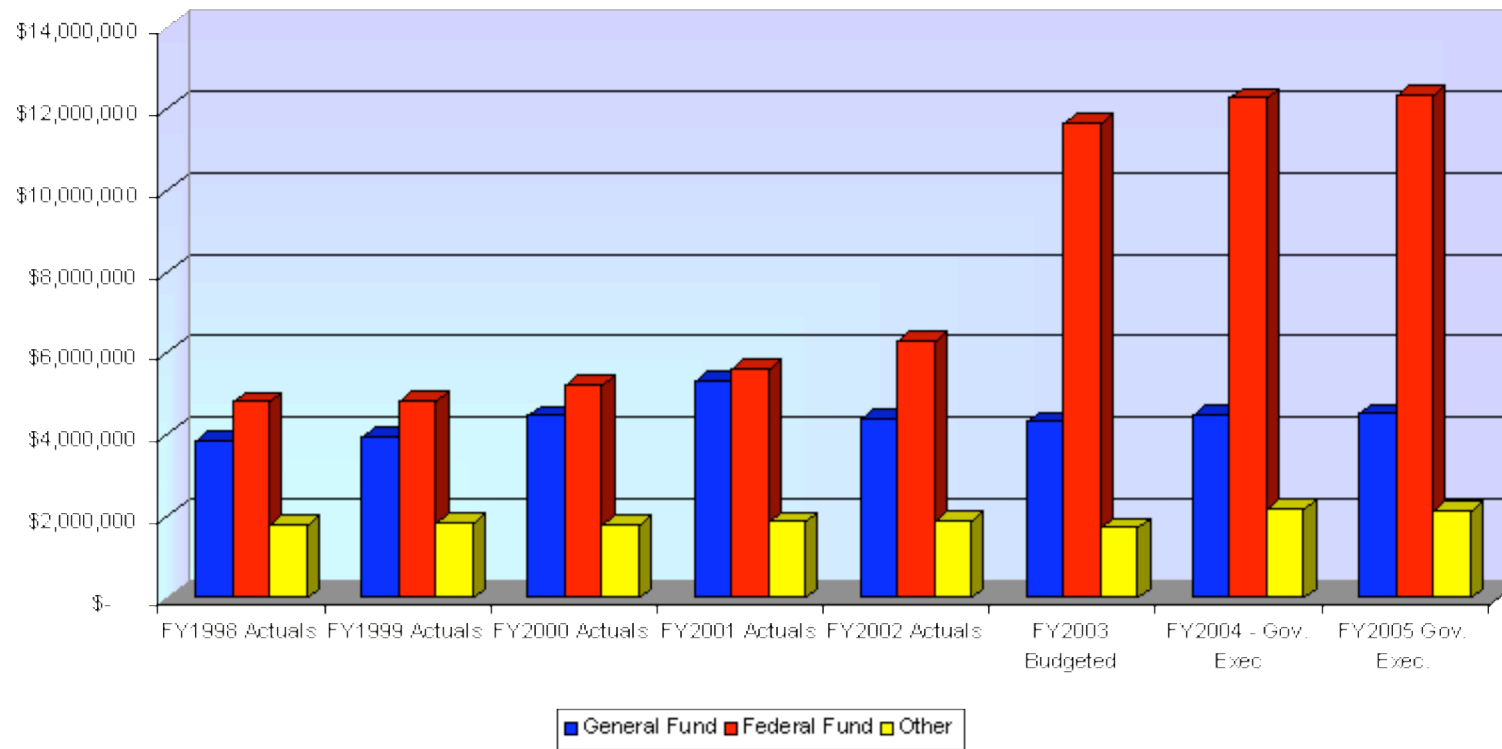


**STATE LEVEL ACTIVITIES - PROGRAM (06)**  
**OFFICE OF PUBLIC INSTRUCTION - FTE HISTORY**  
**SPANNING 23 YEARS 1980 - 2003**





**State Level Activities Program (06)**  
**8 years of State vs Federal & Other Funding**

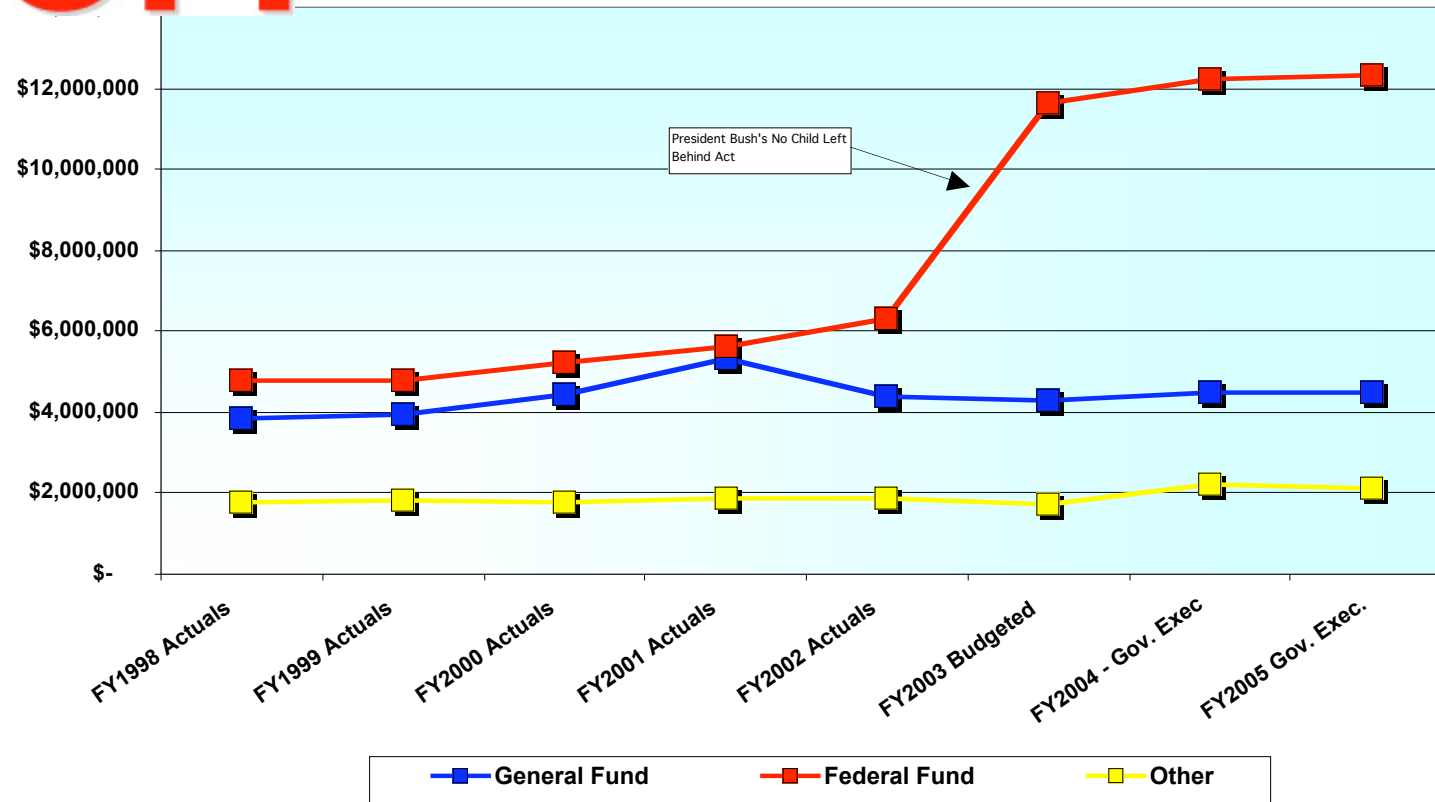




Activities - Program (06)

8

## State vs Federal &amp; Other Funding



# Appropriations-Finance Joint Subcommittee

## Budget Hearing

January 20, 2003

Superintendent of Public Instruction

### Linda McCulloch's Remarks on ESEA

For the record, I am still Linda McCulloch, State Superintendent of Public Instruction. I rise before you to talk about President Bush's federal No Child Left Behind Act.

There are some good things in the new law, while other requirements give me a great deal of concern for our Montana children and educators. I'll hit the highlights of my concerns.

#### **Accountability**

The law improved parental rights—parents are to be notified of extra services for their children, of the performance status of their children's schools, and of the qualifications of their children's teachers.

While being accountable is a good thing, I am concerned because we have always believed that curricular and staffing decisions should be made at the local level. Those beliefs have served us well.

However, when schools do not improve, the law requires the state to take actions regarding curriculum and staffing. This greatly concerns me.

I have asked my legal staff to analyze these requirements to determine if these sanctions are legal.

#### **Flexibility**

The law provides for increased flexibility in how schools use federal funds within federal programs. In other words, districts may choose to move funding from some federal programs to others.

**My concern is that districts may believe there is more flexibility than is allowed in the law. While districts may move funding from some of the programs to other programs, federal guidelines will still apply on how the funds are used.**

#### **Increased Resources**

The law provides for increased resources. So, there are more funds for Montana schools to use for Title I and for enhancing reading instruction.

**It is wonderful that there will be increased funding for our Montana Title I programs and for reading programs for eligible schools, yet there are no funds available for school renovation.**

**Last year my office received applications from school districts asking for over \$25 million to be used for school renovation. The federal allocation to Montana was just over \$5 million.**

**This tells me that Montana schools needed these federal funds to renovate their schools, yet money for school renovation was not included in the new legislation or the most recent appropriation from Congress.**

**In addition, my office secured a competitive dropout prevention grant for our state, with funding of \$1 million over three years.**

**However, the president's budget would eliminate funding for the last two years—a loss of almost \$700,000 for our schools and students.**

### **Assessment**

President Bush's No Child Left Behind requires testing all students in reading, math and science in grades 3 through 8 and in one grade in high school and provides funding to develop the assessment system. The Montana Board of Public Education currently requires testing in grades 4,8, and 11 in 5 subject areas, so this is quite a required increase in testing.

**My concern: Will adding grades to be tested improve the instruction for our Montana students?**

**Will the funding provided pay all of the cost to provide the tests to the additional grade levels for all students and to assist their teachers in using the information to improve learning?**

**I fear the answer to each of those questions is a resounding NO. Instruction improves when the learning environment changes in some way—either through smaller classes, training for educators, increased communication between school and home, increased time on the learning tasks, etc.**

**I fear that we will spend so much of our time and resources on testing kids that we will have neither the time nor the funding to improve their learning.**

## **Highly Qualified Teachers**

The law requires a highly qualified teacher in all classes. What an excellent goal! Montana obviously has highly qualified teachers—just look at how well our students do.

**However, this law was written for states like California where a huge percentage of their teachers are not certified. This is not true in Montana. Less than 1 percent of our teachers are not certified!**

**Yet, we develop annual goals to lessen the percentage of unqualified teachers. It would be more productive to use our energies and resources in attracting and retaining teachers in Montana.**

**The U.S. Department of Education has just issued regulations concerning qualifications of teachers. These regulations require special education teachers who provide instruction in core subject areas to have a major in that subject area. In our state, special education**



**teachers are trained in how to assist students with disabilities. Special teaching strategies and accommodations are their specialties! Montana schools are already having trouble attracting teachers. This regulation will add greatly to that burden.**

Thanks, again, for your time today.